BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting   Docket No. RM2017-10
(Proposal Six)

PUBLIC REPRESENTATIVE MOTION
FOR ISSUANCE OF INFORMATION REQUEST

(August 18, 2017)

Pursuant to 39 C.F.R. § 3001.21(a) and 39 C.F.R. § 3007.3(c), the Public
Representative requests that an Information Request be issued to obtain additional
clarifying data and information from the Postal Service concerning the proposed change
to analytical methods relating to the Postal Service's public reports and labeled as
Proposal Six.[1] The proposed request seeks information that will allow participants to
provide more constructive comments and evaluate whether the proposal meets
applicable legal and regulatory requirements. Obtaining this information will also
contribute to a better understanding of how the Postal Service has interpreted
Commission rules and allow the Commission to make a fully informed, reasoned
determination on whether Proposal Six meets applicable legal and regulatory
requirements, including 39 U.S.C. § 3652(e)(2) and 39 C.F.R. part 3050.

Proposed questions from 1 through 4 are related to the Mail Processing Cost Model
(*See* Petition, Proposal Six at 2-5).

1. On page 2 of Proposal Six, the Postal Service indicates that "[t]he ONDC and
   NDC presort volumes were incorporated into the Ground Volume (cell B16) in the

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[1] Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed
Changes in Analytical Principles (Proposal Six), July 28, 2017 (Petition).

'Volumes' worksheet" in the Library Reference USPS-RM2017-10/NP1, file "PROP.SIX.USPS-FY16-NP15." Please explain why the NDC presort volumes were removed from 'PS Data' worksheet without being incorporated into the Ground Volume (cell B30) in the 'PS Data' worksheet. *Compare* "PROP.SIX.USPS-FY16-NP15", tab "PS Data' (lines 28-30) *with* Docket No. ACR2016, Library Reference USPS-FY16/NP15, file "USPS-FY16-NP15," tab 'PS Data' (lines 28-30).

2. On page 3 of Proposal Six, the Postal Service states that "a 'transfer volume' percentage… was essentially used to estimate the percentage of nonpresort parcels that were IntraNDC parcels." The Postal Service further "proposes that the percentage of mail in zones one through three be used as the approximation for the percentage of IntraNDC parcels." *Compare* 'Other Inputs' worksheet in the file "PROP.SIX.USPS-FY16-NP15" of the Library Reference USPS-RM2017-10/NP1 *with* 'Other Inputs' worksheet in the file USPS-FY16-NP15, Library Reference USPS-FY16/NP15, Docket No. ACR2016.
    a. Please clarify whether the IntraNDC parcels in the provided citation include non-presort IntraNDC parcels only or all IntraNDC parcels.
    b. Please provide the name of the file and the worksheet, as well as the cell number(s), where such percentage can be found.

3. On page 4 of Proposal Six, discussing the reasons for removal of PPSM Finalization (5-Digit) Percent statistic from the cost model, the Postal Service states that, first, "webEOR data did not accurately measure this statistic," and, second, "this statistic was calculated prior to NDC activation process."
    a. Please clarify whether the removal of "PPSM Transfer Volume Percent" was primarily due to operational changes or the inaccuracy of the statistic.
    b. If possible, please estimate an approximate impact of the removal of the referenced statistic on the Mail Processing Cost Model (unit costs for Parcel Select/Parcel Return Service).

4. On pages 4-5 of Proposal Six, the Postal Service describes the Parcel Return Service (PRS) Full Network worksheets added to the cost model. The Postal Service states that "[t]here were no distinct Full Network PRS mail flow models in the previous versions of the cost model." Petition, Proposal Six at 4. Please explain why it became possible to include Full Network PRS mail flow models into the cost model and how the model benefits from such an inclusion.

Proposed questions from 5 through 10 are related to the Transportation Cost Model (*See* Petition, Proposal Six at 5-17).

5. On page 6 of Proposal Six, discussing the updated InterNDC long distance zone-related percentage, the Postal Service states: "When the calculation is based on the number of stop-days, the percentage has not changed significantly since it was first estimated in Docket No. R2001-1."
   a. Please clarify the magnitude of "not changed significantly."
   b. Please explain how the number of stop-days is used in the referenced calculation.
6. On pages 6-7 of Proposal Six, the Postal Service proposes a new methodology for calculating InterNDC long distance percentage. The Postal Service states that "[i]f a mail piece on one leg of transportation originates in different NDC service areas, then that mail piece is considered to have travelled a long distance, rather than a local or intermediate distance." Petition, Proposal Six at 6. The Postal Service also proposes to apply this methodology in calculation of IntraSCF, InterSCF, and IntraNDC" long distance percentages. *Id*. at 6-7.
   a. Please describe the methodology currently applied in calculation of InterNDC long distance percentage.
   b. Please describe the methodology currently applied in calculation of IntraSCF, InterSCF, and IntraNDC long distance percentages.
   c. Please explain why the proposed methodology for calculating long distance percentages will be more accurate than the current methodology.

Please provide an explanation separately for each type of contracts: InterNDC, IntraSCF, InterSCF, and IntraNDC.

d. Please confirm that the proposed methodology would result in a transfer of a significant portion of intermediate and local costs into long distance costs, especially for InterSCF, IntraSCF, and IntraNDC contracts. If not confirmed, please explain. If confirmed, please explain rationale for such a transfer.

7. On page 7 of Proposal Six, the Postal Service indicates that "[i]n the 'Cost Dist PS' worksheet…the previous version of the cost model contained several assumptions regarding the number of transportation legs" for DNDC, DSCF, and DDU price categories.

   a. Please identify these assumptions.
   b. For each assumption identified in Question 7a, please indicate whether it is still valid under Proposal Six.
   c. If, under Proposal Six, an assumption identified in Question 7a is removed, please explain why.

8. On page 7 of Proposal Six, the Postal Service states: "Empirical data suggests that each of the destination-entered price categories (DNDC, DSCF, and DDU) all incur costs for modes of transportation in which one might not expect to find any costs."

   a. Please indicate what empirical data you refer to and provide a reference to such data.
   b. Please clarify what are the modes of transportation "in which one might not expect to find any costs" and provide the underlying reasons.
   c. Please clarify whether the Postal Service performed any analysis that led to a conclusion expressed in the cited statement. Please provide the description of such analysis and its output, if applicable.

9. On pages 7-8 of Proposal Six, the Postal Service discusses changes to Transportation Cost Model in regard to calculations made for "expected" and "unexpected" transportation legs, and specifically for expected/unexpected "piece-legs."

a. Please confirm that a classification of transportation legs into "expected" and "unexpected" legs is introduced by Proposal Six, and has never been used before by the Postal Service.

    i. If confirmed, please indicate whether the Postal Service performed any analysis that revealed the necessity for this new classification. Please provide the details of such analysis, including data and output.

    ii. If not confirmed, please explain where the Postal Service applied such a classification.

b. Please define transportation "piece-legs," and provide examples of "unexpected piece-legs" and "expected piece-legs."

10. On page 11 of Proposal Six, discussing changes made to 'PRS Vol' worksheet, the Postal Service states: "A Full Network section has been added to this worksheet." The Postal Service also indicates that "[b]ecause actual Full Network volume distribution by zone and weight increment are not available, the Full Network volume distribution by zone and weight increment is estimated using Parcel Select Ground Data." Petition, Proposal Six at 11. Please provide a rationale for such approximation.

Respectfully submitted,

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